

Donald Trump's renewed push to scrutinize foreign funding of U.S. universities is framed as a transparency and national security move, but it also risks chilling global collaboration and complicating already fragile university finances. For higher education, the debate is less about whether sunlight is good and more about how much light becomes a spotlight that blinds.

## What the policy actually does

In April 2025, Trump signed the "Transparency Regarding Foreign Influence at American Universities" executive order, directing strict enforcement of Section 117 of the Higher Education Act, which already requires federally funded institutions to disclose foreign gifts and contracts of 250,000 dollars or more. The order instructs the education secretary to reverse prior rules that allowed more opaque reporting, demand more detailed information on the "true source and purpose" of foreign funds, and make that information more accessible to the public.

It also links compliance to federal grants by treating certifications as "material" for False Claims Act purposes, raising the stakes for universities that under-report or misreport. In practice, this has been paired with a new federal portal and a ramp-up in audits and investigations into foreign gifts, especially from countries like Qatar and China that collectively sent billions to U.S. campuses in 2025.

## The case for tougher scrutiny

Supporters of the crackdown argue that foreign money is not neutral, especially when it comes from authoritarian states with clear geopolitical agendas. The saga of Confucius Institutes, where China funded language and culture centers that came with restrictive contracts and political red lines, has become Exhibit A for how soft power can morph into

subtle censorship and surveillance on campus.

Stronger disclosure rules can serve at least three benefits for higher education:

- **Protecting academic freedom:** Detailed reporting and public scrutiny make it harder for foreign funders to attach strings that dictate hiring, curriculum, or speech around “sensitive” topics, as multiple investigations into Chinese partnerships have documented. Faculty are better positioned to resist pressure if they know and can contest the terms of such deals.
- **Guarding research security:** Universities are now central to cutting-edge work in AI, quantum, biotech and defense-adjacent fields, making them attractive targets for intellectual property theft. Linking foreign-funding compliance to federal grants gives Washington leverage to insist on stronger vetting of contracts, joint labs and data-sharing arrangements.
- **Restoring public trust:** Amid culture-war battles over campuses, the perception that universities quietly accept billions from opaque overseas donors damages their claim to be independent stewards of knowledge. Transparent, searchable disclosure of who pays for what can help demystify global ties and reassure taxpayers that foreign capital is not buying policy or admissions decisions behind the scenes.

For many institutions, especially elite research universities, a clear, enforced rulebook may be preferable to the previous mix of under-enforced statutes and sporadic political outrage.

## The costs and collateral damage

Yet the way the Trump administration is pursuing this agenda carries significant downsides for higher education.

First, the compliance burden is real. Section 117 has long been criticized as vague and

under-specified; now universities face the same ambiguous law, but with the threat of False Claims Act liability and grant loss if they get it wrong. Legal advisories warn institutions to build new reporting systems, track complex gift structures and trace ultimate beneficial owners—all tasks that divert administrative capacity and money away from teaching and research.

Second, the policy risks politicizing global engagement. The rhetoric around the executive order leans heavily on “foreign influence” and national security, often naming China, Qatar, and Saudi Arabia as problem funders. That framing invites selective enforcement: universities may be encouraged to shun certain countries while rolling out the red carpet for others, not because of the intrinsic risk of a partnership but because of Washington’s current foreign-policy mood. The danger is that serious, mutually beneficial collaborations with scholars and institutions in these states get stigmatized by association.

Third, universities’ global mission could shrink. International branch campuses, joint degree programs, collaborative research centers and scholarship schemes often rely on foreign government or quasi-state money. If institutions conclude that any large overseas grant could trigger a compliance nightmare or a congressional investigation, the rational response will be to walk away from some partnerships, especially those that are politically controversial but academically valuable.

Finally, there is a free-speech risk in the opposite direction of what supporters claim. If foreign-funded centers focused on China or the Gulf are treated as presumptively suspect, faculty with expertise on those regions may find themselves under disproportionate scrutiny, creating a chilling effect on research agendas and public engagement. The line between legitimate counter-espionage and ideological policing is thin, particularly when the White House is vocal about “woke campuses” and protesters tied, allegedly, to foreign backers.

## A better balance

The core intuition driving Trump's push—that foreign money can distort academia if left opaque—is hard to dispute. The problem lies in turning that intuition into policy that protects universities without turning them into semi-paranoid national security outposts.

A more balanced approach would marry rigorous transparency with due process and clear, content-neutral rules. That could mean refining Section 117 to lower thresholds and clarify reporting standards, but also providing safe harbors for institutions that self-disclose errors and demonstrate good-faith compliance. It could mean risk-based scrutiny that focuses on sensitive research and genuine governance influence, rather than any gift above an arbitrary dollar figure.

For higher education leaders, the challenge is to avoid reflexive defensiveness and instead articulate their own transparency agenda. If universities can proactively publish detailed foreign-funding data, set bright-line rules on donor control, and build robust internal review of high-risk partnerships, they can undercut the case for heavy-handed, politically driven oversight. In that scenario, federal scrutiny becomes a backstop rather than a bludgeon.

Universities today are deeply global institutions, relying on transnational flows of talent, ideas and money to sustain their research and teaching missions. Scrutiny of foreign funding is inevitable. The question is whether it will nudge campuses toward cleaner, more transparent global engagement—or push them into a smaller, more anxious, and ultimately less open academic world.